

Message Text

UNCLASSIFIED

PAGE 01 GENEVA 00136 01 OF 02 101448Z

43

ACTION EB-11

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01 OIC-04

AF-10 ARA-16 EA-11 EUR-25 NEA-10 XMB-07 DRC-01 /251 W
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P 101410Z JAN 74

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3294

UNCLAS SECTION 1 OF 2 GENEVA 0136

E.O.11652 NA

TAGS ETRD OCON GATT UNCTAD

SUBJ GATT/UNCTAD ITC TECHCOM MEETING

BEGIN SUMMARY: TECHCOM HAS RECOMMENDED A NUMBER OF ADMINISTRATIVE CHANGES DESIGNED TO ASSIST ITC IN DELIVERING ITS SERVICES MORE EFFICIENTLY TO DEVELOPING COUNTRIES. TWO OF THE CHANGES RELATE TO RELATIONSHIPS BETWEEN UNCTAD AND THE ITC. THE THIRD RECOMMENDATION REFERS TO THE NEED FOR HIGHER SET-ASIDES FOR ADMINISTRATIVE OVERHEADS FOR PROJECT-RELATED FUNDS. US TOOK LEAD IN FORMULATING THESE RECOMMENDATIONS AND INTENDS TO SUPPORT THEM IN THE JAG UNLESS OTHERWISE INSTRUCTED. END SUMMARY.

1. MAIN ISSUES ARISING THUS FAR IN TECHCOM RELATE ADMINISTRATIVE ARRANGEMENTS THAT APPEAR TO HAMPER THE EFFICIENT DELIVERY OF TRADE PROMOTION ASSISTANCE BY ITC TO THE DEVELOPING COUNTRIES. PRINCIPAL CONCERN HAS BEEN WITH EFFECT OF NEW ARRANGEMENTS WHICH CAME INTO EFFECT MARCH 1, 1973, AS RESULT OF IMPASSE WITH UNCTAD OVER A GATT-APPROVED PROPOSAL FOR TRANSFERRING ADMINISTRATIVE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 GENEVA 00136 01 OF 02 101448Z

AND FINANCIAL SERVICES FROM GATT TO ITC. NECESSARY

BACKGROUND AND POSITION TAKEN BY TECHCOM IS CONTAINED
FOLLOWING PROPOSED DRAFT LANGUAGE FOR ITS FINAL REPORT.

QUOTE

THE AGREED CONSLUSIONS OF THIS REIVIEW WERE RECORDED
IN A REPORT C/W/212, WHICH WAS SUBMITTED TO, AND APPROVED
BY, THE GATT COUNCIL ON 27 NOVEMBER, 1972. THIS REPORT
IN EFFECT PROVIDED FOR THE TRANSFER OF ADMINISTRATIVE AND
FINANCIAL SERVICES FROM THE GATT TO THE CENTRE. (THE
REPORT HAS BEEN REPRODUCED AS THE ANNEX TO A/C.5/1533).
THE DIRECTOR GENERAL OF GATT THUS RECEIVED A MANDATE
TO RELINQUISH HIS RESPONSIBILITIES FOR THE ADMINISTRATIVE
AND FINANCIAL SERVICING OF THE CENTRE WITH EFFECT FROM
1 JANUARY, 1973. WHEN, HOWEVER, THE DECISION OF THE
GATT COUNCIL BECAME KNOWN TO THE UNITED NATIONS HEAD-
QUARTERS, THE UNDER SECRETARY GENERAL FOR ADMINISTRATION
AND MANAGEMENT FOUND HIMSELF UNABLE TO ACCEPT THE NEW
ARRANGEMENTS. A PERIOD OF VERY CONSIDERABLE DIFFICULTIES
FOR THE CENTRE'S OPERATIONS ENSURED SINCE GATT HAD
RELINQUISHED ITS RESPONSIBILITIES, AND ALTERNATIVE
ARRANGEMENTS HAD NOT BEEN DECIDED. THE UNDER SECRETARY
GENERAL PROPOSED CERTAIN CHANGES WHICH ARE SUMMARIZED IN
SECTION B OF A/C.5/1533 AND HAVE BEEN IN EFFECT SINCE
1 MARCH, 1973. ONE CONSEQUENCE OF THESE CHANGES WAS THAT
THE CENTRE WAS REQUIRED TO MAKE AVAILABLE TO THE UNITED
NATIONS OFFICE AT GENEVA ONE PROFESSIONAL AND SEVEN
GENERAL SERVICE POSTS FROM ITS OWN ESTABLISHMENT TO CARRY
OUT THE SERVICING FUNCTIONS MENTIONED IN SECTION B OF
A/C.5/1533.

THE COMMITTEE ENQUIRED AS TO WHAT ACTION HAD BEEN TAKEN
TO "FORMALIZE" THE ARRANGEMENTS DESCRIBED IN A/C.5/1533.
THE DIRECTOR (PROGRAMMES) REPLIED THAT THE DIRECTOR GENERAL
OF GATT HAD REPORTED THE CHANGES PROPOSED BY THE UNITED
NATIONS ADMINISTRATION, TO THE GATT COUNCIL ON 22 MARCH,
1973. SIMILARLY, ON THE UNITED NATIONS SIDE, THE PAPER
HAD FIRST BEEN SENT TO ACABQ, WHICH HAD THEN TRANSMITTED
IT TO THE FIFTH COMMITTEE WITH THE RECOMMENDATION THAT THE
GENERAL ASSEMBLY "TAKE NOTE" OF THE DE FACTO ARRANGEMENTS
PRESENTED IN THE PAPER. HE REMARKED IN THIS
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 GENEVA 00136 01 OF 02 101448Z

CONNEXION THAT IT SUBSEQUENTLY BECAME CLEAR THAT ACABQ
WAS UNDER A MISAPPREHENSION AS TO THE NUMBER OF STAFF
TRANSFERRED TO UNOG AS A CONSEQUENCE OF THE NEW ARRANGE-
MENTS; THEY HAD BELIEVED THAT ONLY ONE POST HAD BEEN
TRANSFERRED FROM THE CENTRE TO THE UNITED NATIONS
OFFICE AT GENEVA, INSTEAD OF EIGHT POSTS AS WAS ACTUALLY
THE CASE.

UNCLASSIFIED

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PAGE 01 GENEVA 00136 02 OF 02 101459Z

44

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P 101410Z JAN 74

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3295

UNCLAS SECTION 2 OF 2 GENEVA 0136

THE COMMITTEE FELT THAT SINCE THE CENTRE WAS NOT ORGANICALLY PART OF THE UNITED NATIONS, THERE APPEARED TO BE NO OVERRIDING CONSIDERATION WHY THE ORIGINAL ARRANGEMENTS APPROVED BY THE GATT COUNCIL SHOULD HAVE BEEN CHANGED. IT STRESSED THAT THE CENTRAL CONSIDERATION WAS WHETHER OR NOT THE PRESENT ADMINISTRATIVE ARRANGEMENTS WERE SUCH AS TO PERMIT THE CENTRE TO DISCHARGE ITS RESPONSIBILITY TO DELIVER TECHNICAL ASSISTANCE IN ITS ASSIGNED FIELD OF TRADE PROMOTION AS EFFECTIVELY AND AS ECONOMICALLY AS POSSIBLE. IT HAD BECOME CLEAR IN THE COURSE OF THE DEBATE THAT THIS WAS NOT THE CASE, AND THAT THE DIFFUSION OF RESPONSIBILITIES WAS CONDUCIVE NEITHER TO EFFICIENCY NOR ECONOMY, TO THE ULTIMATE DISADVANTAGE OF THE DEVELOPING COUNTRIES. CONSEQUENTLY, THE COMMITTEE AS AN EXPERT GROUP, BASED ON THE INFORMATION AVAILABLE TO IT, DECIDED UNANIMOUSLY TO RECOMMEND TO THE JOINT ADVISORY GROUP THAT THE ADMINISTRATIVE AND FINANCIAL ARRANGEMENTS FOR THE CENTRE REVERT AT THE EARLIES POSSIBLE OPPORTUNITY TO THOSE PROPOSED IN REPORT C/W/212, WHICH WAS PRESENTED TO THE COMMITTEE AS AN ANNEX TO PAPER A/C.5/1533. UNQUOTE

2. SECOND ADMINISTRATIVE ISSUE RELATED TO UNDP-FUNDED

UNCLASSIFIED

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PAGE 02 GENEVA 00136 02 OF 02 101459Z

TRADE PROMOTION PROJECTS CARRIED OUT BY ITC. ON THIS POINT FOLLOWING DRAFT LANGUAGE HAS BEEN APPROVED BY TECHCOM.

QUOTE

IN RESPONSE TO QUESTIONS THE DIRECTOR (PROGRAMMES) DESCRIBED THE ROLE OF UNCTAD AS EXECUTING AGENCY OF UNDP IN TRADE PROMOTION PROJECTS FINANCED FROM UNDP RESOURCES. HE EXPLAINED THAT, WHILE THE CENTRE WAS SUBSTANTIVELY RESPONSIBLE FOR SUCH PROJECTS, UNCTAD WAS ACCOUNTABLE TO THE ADMINISTRATOR OF UNDP FOR THEM, AND THIS RESPONSIBILITY WAS EXERCISED PARTICULARLY THROUGH THE TECHNICAL ASSISTANCE CO-ORDINATING UNIT OF UNCTAD. IN A MINORITY OF CASES, UNCTAD SUBALLOTTED FUNDS TO THE CENTRE FOR DIRECT EXECUTION, WHILE RETAINING ITS OVERALL ACCOUNTABILITY TO UNDP. THE COMMITTEE WAS OF THE VIEW THAT THERE WAS CONSIDERABLE MERIT IN THE SYSTEM OF SUBALLOTMENTS FROM THE POINT OF VIEW OF CLARITY, OF LINES OF RESPONSIBILITY, AND OF ECONOMY. THE COMMITTEE THEREFORE RECOMMENDED THAT ALL UNDP FINANCED TRADE PROMOTION PROJECTS SHOULD BE SUB-ALLOTTED TO THE CENTRE, IN ITS RECOGNIZED CAPACITY AS FOCAL POINT FOR EXPORT PROMOTION ASSISTANCE. UNQUOTE

3. FINALLY, TECHCOM HAS NOTED THAT THE ADMINISTRATIVE SET-ASIDE OF APPROXIMATELY 13PERCENT FOR UNDP AND TRUST FUND PROJECTS IS ENTIRELY INADEQUATE. (TECHCOM WAS INFORMED THAT TWO STUDIES HAVE SHOWN ACTUAL PROJECT-RELATED ADMINISTRATIVE COSTS ARE IN THE RANGE OF 20-30 PERCENT.) AS A RESULT, MUCH OF THE REGULAR BUDGET RECEIVED THROUGH GATT AND THE UN IS USED TO MEET THE ADMINISTRATIVE SHORT-FALL ASSOCIATED WITH THESE PROJECTS. THUS, THE ITC HAS A SERIOUS LACK OF DISCRETIONARY FUNDS WHICH ARE FREE FOR NON-PROJECT-RELATED PLANNING, RESEARCH, AND OTHER ACTIVITIES WHICH ARE ESSENTIAL IF ITC IS TO EXERCISE INITIATIVE AND LEADERSHIP IN CARRYING OUT ITS FOCAL POINT ROLE IN EXPORT PROMOTION ASSISTANCE. TECHCOM INTENDS TO RECOMMEND THAT PROJECT-RELATED ADMINISTRATIVE SET-ASIDES BE INCREASED IN ORDER TO RESOLVE THIS PROBLEM AND PERMIT ITC TO MORE PROPERLY AND EFFECTIVELY UTILIZE ITS REGULAR BUDGET RESOURCES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 GENEVA 00136 02 OF 02 101459Z

4. THE US DELEGATION PLAYED A LEADING ROLE IN FORMULATING THE TECHCOM RECOMMENDATIONS OUTLINED ABOVE.

DELEGATION EXPECTS SUPPORT THEM IN NEXT WEEK'S JAG
MEETING UNLESS OTHERWISE INSTRUCTED.BASSIN

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Message Attributes

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